

The issue soon after came before the Court of Common Pleas, and they unanimously quashed a conviction under the law and declared that it was no crime to sell guineas at a premium. Lord King in March, 1811, issued a circular to several of his tenants, reminding them that their contract was to pay a certain quantity of the legal coin of the country, and that, as the paper currency was considerably depreciated, he should in future require his rents to be paid in the legal coin of the realm, in Portugese coin of equal weight, or by a sufficient amount of banknotes to purchase the necessary weight, of standard gold. This attempt to establish a gold price distinct from the paper price of commodities caused a tempest of rage among the advocates of a paper currency and led to the charge against Lord King, so much bandied about, in France, of incivism. A bill was promptly introduced into-Parliament by Lord Stanhope, making it a misdemeanor to make any difference in payments between guineas and banknotes. The measure passed the House of Lords by a vote: of 43 to 16, and the House of Commons by a vote of 95 to 20. The disasters to the country banks during 1815 and 1816-greatly reduced the volume of paper afloat and made way for additional issues by the Bank of England. The reduction in country bank paper in circulation is estimated by Professor MacLeod ¹ at three times the amount of the issue-of the Bank of England, and the effect was immediately felt in the rise in value of Bank of England notes. The market, price of gold in paper fell from £5 6s., in May, 1815, to £4 10s. 6d., or within three per cent, of par, in October, 1816. Foreign exchange rose in a corresponding degree, and these rates prevailed until the mid-summer of 1817. The bank had been preparing during the peace in 1815 to resume specie payments and were able after the final overthrow of Napoleon to announce, in November, 1816, that they would, pay all notes dated previous to January 1, 1812, and that in the following April they would pay all notes dated before January 1, 1816. Resumption was thus almost accomplished

¹ Theory and Practice of Banking, II., 62.